

2015 BUDGET SUBCOMMITTEE QUESTIONS

Iowa Lottery Details

PROGRAM PERFORMANCE

- a. Do you have defined outcomes or measurements for your program(s)? What are they and are these measures listed somewhere so the public can see them?**

As an entrepreneurial nonprofit authority, the Iowa Lottery Authority strives to operate an entertaining and accountable lottery while maximizing revenues for the state of Iowa. The level of proceeds that the Iowa Lottery has transferred to support state causes, such as the General Fund, the Iowa Veteran's Trust Fund, and other programs, is the best overall indicator of how the Lottery is serving the people of the state.

The Iowa Lottery's 2014 performance measures can be found on the Results Iowa website at: <http://www.resultsiowa.org/lottery.html>. In FY 2014, the Iowa Lottery provided \$73.9 million in proceeds to state causes, well ahead of its budgeted annual goal of \$62.3 million dollars.

In addition, the lottery provides online access on its website to its annual reports dating back to 2002. They can be found under this link: <http://www.ialottery.com/AboutUs/AnnualReport.asp>

- b. What data is available to show Iowans that your program(s) are an effective investment of taxpayer dollars? Where can Iowans find this data?**

Consistent with the Iowa Lottery's commitment to transparency, detailed information about lottery revenues, expenditures, and proceeds to state causes can be found on its website under these links:

<http://www.ialottery.com/AboutUs/SalesInformation.asp>

<http://www.ialottery.com/Pressroom/WhereTheMoneyGoes.asp>

It is important to note that the lottery is entirely self-funded. It is against the law for monies of the state to be used to pay lottery expenses.

The lottery also provides on its website ongoing financial details about its operations. Please see this link: <http://www.ialottery.com/AboutUs/SalesInformation.asp>

Since the Iowa Lottery's start in 1985, its players have won more than \$3.3 billion dollars in prizes while the lottery has raised more than \$1.5 billion for state causes.

- c. Can you provide the committee with performance data for your programs over the last 5 or 10 years?**

The Iowa Lottery's annual reports contain the performance data for all lottery programs. Every annual report since 2002 can be found under this link on the lottery's website: <http://www.ialottery.com/AboutUs/AnnualReport.asp>

The Iowa Lottery's recent performance has been especially strong. The period from FY 2009 to the present has produced four of the top five years of sales for the Iowa Lottery, as well as four of the top five annual amounts of proceeds transferred to the state.

PROGRAM EFFICIENCY

a. Have you examined what other states are doing to improve performance and reduce costs?

Each state lottery is unique in terms of the law that authorizes it as well its setup and operation. It is therefore extremely difficult to make direct comparisons from one lottery to another. However, Iowa actively collaborates in multi-state lottery initiatives and monitors industry trends.

Iowa Lottery CEO Terry Rich is currently president of the North American Association of State and Provincial Lotteries (NASPL), the organization that represents 52 lotteries in the United States, Canada and Mexico. As such, he has been instrumental in national discussions within the lottery industry.

b. Can you share with the committee what other states are doing?

As one example, NASPL-member lotteries have collaborated on the analysis of retailer sales data in order to gain insights and set marketing and sales initiatives for lottery products.

c. Which of these ideas are you considering for implementation here in Iowa?

The Iowa Lottery is a part of the retail project referenced above.

Additionally, the Iowa Lottery has already implemented changes relating to the secure shipping of certain Lottery products, which has minimized overhead costs. The lottery also continually evaluates and improves the utilization of its marketing dollars to find ways to both minimize direct expenditures and receive the most value for the money.

d. Are there websites or organizations we could go to obtain more information on what other states' programs are doing to provide more efficient services?

The North American Association of State and Provincial Lotteries (NASPL) provides a valuable venue for the exchange of Lottery best practices among its 52 member organizations. Its website is: <http://www.naspl.org/index.cfm>.

As referenced above, Iowa Lottery CEO Terry Rich is currently NASPL president.

e. Do you have an email address or a comment section on your website where Iowans can suggest improvements to your program or agency?

Yes. The Lottery provides its main email address in several locations on its website. That address is: wmaster@ialottery.com. The lottery also has a strong presence on social media and regularly communicates with members of the public on its pages on Google+, Twitter, Facebook and YouTube and via the Iowa Lottery's blog.

PROGRAM DUPLICATION

a. Are there any other programs that are providing the same or similar services?

No. The Iowa Lottery is the only entity authorized to operate a lottery in the state of Iowa.

b. Is there a reason why we need more than one program providing the same or similar service?

The Iowa Lottery Authority has capably provided lottery entertainment to Iowans since its creation in 1985, and is the only necessary entity for this purpose.

c. Have you had any discussions with the other agencies or programs to find ways to maximize the use of the taxpayer's dollars?

Yes. The Iowa Lottery collaborates with several other Iowa state agencies. As just one example, the Iowa Lottery's main warehouse space for the storage and distribution of its tickets is housed within warehouse space in Ankeny provided by the Iowa Alcoholic Beverages Division. The Lottery is continuing to work with ABD to identify and implement efficiencies in shipping and operations.

d. Are there any laws or administrative rules that would limit your ability to work with the other programs or departments?

Under Iowa law, the Iowa Lottery Authority is defined as a nonprofit authority endowed with comprehensive and extensive powers to operate in "an entrepreneurial and businesslike manner." [Iowa Code 99G.2(2)]. From an administrative and regulatory standpoint, the Lottery's focus is on maintaining and ensuring its ability to act in a manner consistent with our mandate to be entrepreneurial and responsive to market conditions.

e. Are there any laws or administrative rules that could be changed to make your program or agency work better?

Please see our responses to the preceding question.

OTHER

a. Would it be a burden to your agency to ask that your presentations be delivered to the Legislative Services Agency 48 hours in advance of your appearance before the committee?

It would not be a burden. The Iowa Lottery is always willing to comply with any requests for advance materials or information.

b. If you are required to reduce your budget by 1%, 5%, or 10%, where would you suggest we focus our attention?

The Iowa Lottery Authority is entirely self-funded. It is against the law for monies of the state to be used to pay lottery expenses. As such, the Lottery's budget is not set in the same way as a typical Iowa state agency.

The Iowa Lottery's operations focus on the generation of revenues for state causes. Requiring the Lottery to absorb or adopt a budget cut would be counterproductive to state taxpayers. Such a cut would necessarily inhibit the Lottery's ability to generate and provide proceeds to the causes it currently benefits – the state General Fund and the Iowa Veterans Trust Fund.